

Message Text

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VIENNA FOR UNIDO

E.O. 11652:N/A

TAGS: UNIDO, ECEM, ECIN, EIND

SUBJECT: UNIDO EXPERTS MEETING ON PREPARATION FOR
PHARMACEUTICALS CONSULTATION - JUNE 30 TO JULY 1.

REF: VIENNA 4818, UNIDO DOCUMENTATION ON EXPERTS MEETING
REF. ID 223/6

1. FOLLOWING BACKGROUND INFORMATION IS BEING TRANSMITTED
FOR USE BY MISSION AND TO SUPPLEMENT DATA AVAILABLE TO
HERBERT MITCHELL OF SCHERING-PLOUGH, INC. WHO WILL BE
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ATTENDING EXPERTS MEETING. BACKGROUND HAS BEEN PREPARED
BY STATE, COMMERCE AND LABOR IN COOPERATION WITH PHARMA-
CEUTICAL MANUFACTURERS ASSOCIATION; IT IS KEYED TO PARA
HEADINGS IN UNIDO OUTLINE OF WORLD-WIDE STUDY OF THE
PHARMACEUTICAL INDUSTRY.

2. MITCHELL WILL BE ARRIVING VIENNA ON TUESDAY, JUNE 28

AND STAYING AT HOTEL DE FRANCE. HE WILL CONTACT STIBRAVY TO ARRANGE FOR BRIEFING MEETING AT EMBASSY ON WEDNESDAY.

3. BEGIN BACKGROUND TEXT:

INTRODUCTION -

THE U.S. WOULD EMPHASIZE THE CREATION OF NEW CAPACITIES FOR INDUSTRIAL PRODUCTION AT LOCATIONS WHERE FACTORS OF COMPARA-

TIVE ADVANTAGE MAKE PRODUCTION MOST EFFICIENT. THE U.S. COULD ONLY FAVOR THE GOAL OF INCREASING THE SHARE OF DEVELOPING COUNTRIES IN TOTAL WORLD PRODUCTION IN PHARMACEUTICALS IF ACHIEVEMENT OF THE GOAL WERE RESULT OF FACTORS OTHER THAN GOVERNMENTAL PRESCRIPTIVE OR PROSCRIPTIVE POLICIES. MANY OF THESE CONDITIONS ARE INCLUDED IN DISCUSSION OF INDIVIDUAL ITEMS BELOW. AMONG THESE CONDITIONS ARE PRIVATE INDUSTRY CONSIDERATIONS WHICH TAKE ACCOUNT OF ALL COSTS OF PRODUCTION EITHER THROUGH MARKET MECHANISMS OR THROUGH ACCOUNTING OF GOVERNMENT-OWNED INDUSTRY OVERHEAD AND LABOR COSTS. THE U.S. HAS SERIOUS DOUBTS THAT A UNIDO CONSULTATIONS MEETING WILL BE SUFFICIENTLY REPRESENTATIVE OF INDUSTRY DECISION-MAKERS TO DO MORE THAN PREDICT ALTERNATIVE FUTURES AND ALTERNATIVE STRATEGIES AND ACTIONS THEREFORE, PARAGRAPH 12 OF THE "PRELIMINARY INFORMATION" PAPER DATED MAY 5, 1977 IS UNREALISTICALLY OVERAMBITIOUS AND IMPLIES AN ORCHESTRATION OF EVENTS TO RESTRUCTURE THE INDUSTRY
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WHICH GOES BEYOND FEASIBLE SCOPE FOR ACTION. WE BELIEVE RATHER THAT THE CONSULTATIONS CAN REALISTICALLY ACHIEVE THE GOAL OF INCREASED CAPACITY IN DEVELOPING COUNTRIES THROUGH THE SHARING OF RELIABLE INFORMATION ABOUT OPPORTUNITIES AND CONSTRAINTS, THE IDENTIFICATION OF PROMISING NEW INVESTMENT LOCATIONS, AND THE PROMOTION OF SPECIFIC INVESTMENTS.

4. PRODUCTION AND CONSUMPTION -

STANFORD RESEARCH INSTITUTE IS BEGINNING STUDY OF FUTURE WORLD MARKETS FOR BULK MEDICINAL CHEMICALS. THE STUDY IS PLANNED FOR COMPLETION BY JANUARY, 1979 AND SHOULD PROVE HELPFUL IN PROVIDING ADDITIONAL INFORMATION TO UNIDO CONSULTATIONS.

THE LIST OF HUMAN AND VETERINARY PHARMACEUTICAL GROUPS, TO BE COMPLETE, SHOULD INCLUDE BIOLOGICAL, MEDICINAL CHEMICALS AND BOTANICALS, AND PHARMACEUTICAL PREPARATIONS. THESE MAIN HEADINGS MIGHT INCLUDE FOLLOWING SUBSECTIONS:

BIOLOGICALS

-- BLOOD AND DERIVATIVES

- VACCINES AND ANTIGENS
- ANTITOXINS AND TOXOIDS
- DIAGNOSTIC SUBSTANCES

MEDICINALS, BOTANICALS, AND PHARMACEUTICALS

- NEOPLASTIC DISEASE
- ENDOCRINE DISEASE
- METABOLIC DISEASE
- CENTRAL NERVOUS SYSTEM DISEASE

- CARDIOVASCULAR DISEASE
- DIGESTIVE TRACT DISEASE

GENITO - URINARY DISEASE

SKIN DISEASE

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PARASITIC AND INFECTIVE DISEASES

A MORE DETAILED BREAKDOWN OF THE GROUPS WOULD ENHANCE THE VALUE OF STUDY.

5. SHARE OF WORLD PRODUCTION -

MAJOR CONSTRAINTS HINDERING DEVELOPMENT OF PHARMACEUTICAL MANUFACTURING IN DEVELOPING COUNTRIES INCLUDE:

- A) LACK OF ADEQUATE TECHNOLOGY INFRASTRUCTURE, INCLUDING NEED FOR IMPROVED EDUCATIONAL SYSTEMS,
- B) SHORTAGE OF INVESTMENT CAPITAL,
- C) INSUFFICIENT NATIONAL PURCHASING POWER, AND
- D) ABSENCE OF GOOD INVESTMENT CLIMATE AND, IN SOME CASES, PRESENCE OF CLIMATE WHICH DISCOURAGES INVESTMENT. IN PHARMACEUTICAL INDUSTRY, INEFFECTIVE PATENT PROTECTION AND TRADEMARK RIGHTS, AND UNDULY BURDENSOME GOVERNMENT PRICE CONTROL ARE MAJOR CONSTRAINTS.

SIGNIFICANT REDUCTION OF THESE CONSTRAINTS, TOGETHER WITH SATISFACTORY ECONOMIES OF SCALE AND POLITICAL STABILITY, COULD CONTRIBUTE TO ATTRACTION OF PRIVATE INVESTMENT CAPITAL.

6. TECHNOLOGY AND KNOW-HOW, RESEARCH AND DEVELOPMENT ACTIVITIES -

PRODUCTION OF INTERMEDIATES MAY BE EFFICIENT IN SOME INDUSTRIES, BUT IT HAS BEEN REPEATEDLY DEMONSTRATED TO BE EXPENSIVE AND UNPROFITABLE IN PHARMACEUTICALS. THE HEALTH NEEDS OF THE POPULATION FOR A WIDE-RANGE OF PHARMACEUTICALS IS A GOAL WHICH SHOULD TAKE PRECEDENCE OVER THE ORIGIN OF RAW MATERIALS OR THE PROCESSES OF MANUFACTURE.

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AMONG THE BASIC R & D POLICY ISSUES ARE A) WHETHER RESEARCH SHOULD OCCUR IN SPECIFIC INSTITUTES OR IN GENERAL INSTITUTES INCLUDING SCIENTIFIC CENTERS SUPPORTED BY OTHER PARTS OF THE UN, AND B) WHETHER INSTITUTES SHOULD BE NATIONAL, REGIONAL, OR IN DEVELOPED COUNTRIES. JOINT VENTURE R AND D AT REGIONAL LEVELS APPEAR MOST PROMISING.

ANY ANALYSIS OF TECHNOLOGY TRANSFER MECHANISMS MUST TAKE MARKET MECHANISMS FULLY INTO ACCOUNT.

7. RESOURCES -

DECISIONS RELATING TO USE OF HUMAN RESOURCES ARE SPECIFIC TO TYPE AND LOCATION OF PROPOSED INVESTMENT. THE TIME FRAME FOR THESE PROPOSALS RELATES TO PRODUCTION TARGETED IN THE YEARS 1985 TO 2000, AND CRITERIA FOR INVESTMENT DECISIONS ARE HIGHLY COMPLEX. THEREFORE, SPECIFIC MAN-POWER AND MANAGERIAL REQUIREMENTS CANNOT BE ACCURATELY FORECAST AT PRESENT. PROSPECTIVE EMPLOYERS IN A TECHNOLOGICALLY ADVANCED INDUSTRY SUCH AS THIS ARE GENERALLY MINDFUL OF THEIR EMPLOYMENT NEEDS IN EVALUATING FUTURE INVESTMENTS. HOWEVER, A HIGH DEGREE OF EMPLOYMENT AMONG HOST COUNTRY NATIONALS MAY BE EXPECTED, AND VARIANCE IN CHARACTERISTICS OF INDIGENOUS LABOR FORCE SHOULD BE ANTICIPATED BY FUTURE PROSPECTIVE PRODUCERS.

8. LOCATION OF PROCESSING CAPACITIES AND INFRASTRUCTURAL PROBLEMS -

EXCEPT AS THESE PROBLEMS OF DEVELOPMENT AND INFRASTRUCTURE ARE TOUCHED ON UNDER OTHER NUMBERED ISSUES, MOST APPEAR TO BE PROBLEMS INVOLVING MANY SECTORS BESIDES PHARMACEUTICALS. THIS ISSUE IS THEREFORE LOW PRIORITY FOR EXPERT CONSIDERATION, SECRETARIAT STUDY, OR CONSIDERATION AT CONSULTATION MEETING.

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9. MARKETING - TRADE RELATIONS -

A MAJOR PROBLEM, ESPECIALLY IN DEVELOPING COUNTRIES, IS ALLOTING OF SUFFICIENT FOREIGN EXCHANGE TO PROCURING MEDICINALS AND FINISHED DOSAGE FORM PHARMACEUTICALS.

MANY DRUG EXPERTS BELIEVE THAT ESTABLISHMENT OF "ESSENTIAL DRUG LISTS" BY VARIOUS COUNTRIES MAY RESULT IN DRUG

FORMULARIES WHICH RESTRICT MEDICAL PRACTITIONERS' OPTIONS IN THE TREATMENT OF DISEASE. SUCH LISTS WHICH HAVE BEEN DEvised APPEAR TO BE OF DIFFERENT COMPOSITIONS AND NUMBERS, THUS ADDING TO THE CONFUSION OF COMPILING A UNIVERSALLY ACCEPTABLE LIST OF "ESSENTIAL DRUGS."

GENERIC (COMMON) NAMES OF DRUGS ARE IN MORE COMMON USE, ESPECIALLY IN U.S. THERE ARE BILLS PENDING IN THE U.S. CONGRESS WHICH WOULD MAKE MANDATORY THE INCLUSION OF GENERIC NAME OF A DRUG WHEREVER BRAND NAME IS USED. PROCUREMENT OF MULTI-SOURCE, BIOEQUIVALENT DRUGS BY GENERIC INSTEAD OF BRAND NAME MAY EFFECT MORE COMPETITION AND SUBSEQUENT COST SAVINGS.

10. LEGISLATION -

THE U.S. STRONGLY SUPPORTS ADOPTION OF LEGISLATION IN ALL COUNTRIES WHICH PROVIDES FOR ADEQUATE INDUSTRIAL PROPERTY PROTECTION, IN KEEPING WITH STANDARDS SET FORTH

IN PARIS CONVENTION FOR PROTECTION OF INDUSTRIAL PROPERTY. THIS FACTOR IS FUNDAMENTAL TO ESTABLISHMENT OF CONDITIONS WHICH PROMOTE INTERNATIONAL TRANSFER OF TECHNOLOGY. ON THE OTHER HAND, WE SERIOUSLY QUESTION IMPLEMENTATION OF RESTRICTIVE LAWS AND REGULATIONS WHICH IMPOSE RIGID REQUIREMENTS AND RESTRICTIONS ON THE TECHNOLOGY TRANSFER PROCESS.

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11. CAPITAL REQUIREMENTS -

ENCOURAGEMENT OF PRIVATE INVESTMENT WOULD CONTRIBUTE EQUALLY TO PHARMACEUTICAL INDUSTRY DEVELOPMENT IN DEVELOPING COUNTRIES. GOVERNMENT NORMALLY DOES NOT POSSESS PRODUCTION EXPERIENCE AND, THEREFORE, MAY BE LESS EFFICIENT THAN PRIVATE ENTERPRISE IN MANAGING PRODUCTION.

SMALLER NATIONS MAY NOT PRESENT ECONOMIES OF SCALE TO WARRANT ENTRY INTO PRODUCTION OF PHARMACEUTICALS; THE MOST EFFICIENT WAY FOR THEM TO OBTAIN PHARMACEUTICALS MAY WELL PROVE TO BE PURCHASE IN THE OPEN MARKET WITH DUE REGARD FOR NATIONAL LEGAL PROVISIONS FOR INSURING QUALITY, SAFETY AND EFFICACY OF PURCHASED PRODUCTS.

12. POLICIES FOR PHARMACEUTICAL INDUSTRY DEVELOPMENT -

ONCE SOME BASIC COST COMPARISONS ARE MADE, THIS SUBJECT WOULD ENTER AREAS OF GOVERNMENT POLICY CONCERNING MANY SECTORS BESIDES PHARMACEUTICALS. SUCH GOVERNMENT POLICIES ARE APPROPRIATE FOR DISCUSSION IN MANY FORUMS OTHER THAN UNIDO, LET ALONE A SPECIFIC SECTORAL CONSULTATION WITHIN

THE WHOLE UNIDO PROGRAM. END BACKGROUND TEXT.
CHRISTOPHER

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Message Attributes

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